Press Release

Outside trading hours - Regulated information* - Public disclosure of inside information

Brussels, 17 April 2020, 7.00 a.m. CEST

KBC Group update on impact of Coronavirus crisis on 1Q2020 results

The growing public health crisis around the world has distressed financial markets amid concerns that the global economy, and the EU's economies in particular, are heading towards a sharp contraction in the second quarter of 2020 and for full year 2020.
The corona virus pandemic has triggered a chain of events in the markets that has led to a massive sell-off across asset classes and a sharp increase in volatility.
The significant deterioration in the economic outlook has brought about an unprecedented monetary policy response from central banks and governments around the world, resulting in flattening yield curves and widening credit spreads.

All these trends will adversely affect the Financial Instruments at Fair Value (FIFV) in KBC Group's results for the first quarter of 2020 which are due to be announced on Thursday 14th of May. The FIFV are being affected by the increased volatility in financial markets. The combination of a number of market-driven factors, such as sharply lower stock markets, widening credit spreads and lower long-term interest rates, will have a negative impact on the fair value of financial Instruments at KBC **of close to 0.4 billion euros.**

The credit cost in the first quarter of 2020 will be characterised mainly by impairments on a number of corporate loans in Belgium, as was the case in previous quarters.
Going forward, no reliable estimate can be made at this point on the size of the impact of the Coronavirus pandemic on our credit costs, because a number of events such as the length and depth of the downturn of the economy and legislative actions that are being taken by authorities in our different home markets may have an impact on our assessment of future loan losses. **We are planning to expand on this matter in the course of the second quarter.**

Commenting on today's update, KBC Group CEO Johan Thijs, had this to say : "*Whilst the long-term impact of the coronavirus crisis on the economy and on KBC's customers is still uncertain, our group remains committed to helping and protecting our customers in these difficult times. At KBC, we are pleased that the hard work in recent years has paid off in making the company – and the group – strong and healthy. Our liquidity and capital buffers allow us to face today's challenges with sound confidence. Moreover, our investments in digital transformation are proving to be invaluable in* *serving our customers in this time of lockdown. In the months ahead, too, we will have to work hard in all our core markets to help them get through this difficult period. The expertise and motivation of our employees and the ready availability of our multichannel distribution network will ensure that we can all come out of this stronger together. At the same time, we will continue to focus on and prepare our strategy for the future."*

KBC Group held a very solid solvency and liquidity position at the end of 2019:

- KBC's CET1 ratio of 17.15% represents a solid 9.10% capital buffer compared with the current theoretical minimum capital requirement of roughly 8.05% (as a result of the announced ECB and National Bank measures which provided significant temporary relief on the minimum capital requirements).
- The NSFR and LCR liquidity ratio's amounted to 136% and 138%, respectively, both well above the regulatory requirement of 100%.

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